

LICENSING PROCEDURES

FOR ACTIVITY IN THE POWER SECTOR OF THE REPUBLIC OF ARMENIA

These Procedures define the process of filing and reviewing Applications for Licenses that give the right to engage in certain activities in the power sector, as specified in Article 2.1. of these Procedures in conformance with the Energy Law of the Republic of Armenia, the terms of the License issuance (rejection), extension and the issuance of a duplicate License in case of loss of the original.

These procedures do not apply to the import and export of natural gas and electricity.

1. BASIC TERMS USED IN THESE PROCEDURES

The terms used in this Contract in capital letters imply the following :

Entity - a legal entity;

Energy Sector - a system of economic entities, regardless of the form of ownership, engaged (for provision of public services) in electric and thermal power generation (electric and thermal power combined generation included), electric and thermal power and natural gas transmission (transportation) and distribution, provision of electric energy and natural gas sector system operator service, construction of new generation capacities or their rehabilitation in electric and thermal energy sectors, as well as construction of a transmission (transportation) or distribution network in electric and thermal energy, and natural gas sectors; as well as import and export of electrical energy and natural gas; as well as the necessary complex of assets essential for the implementation of the above activities and the structures providing public services to the energy market;

Commission - the Energy Regulatory Commission of the Republic of Armenia;

License	- a document issued by the Commission to the Entity, confirming the rights and obligations of that entity to perform activities and provide services in the Energy Sector, according to the terms specified in the RoA Energy Law;
Applicant	- a person or entity who has applied to the Commission in accordance with these Procedures, in order to acquire a License or to extend a License;
Application	- a package of documents submitted to the Commission in accordance with these Procedures, in order to acquire a License or to extend a License;
File	- the Entity's individual folder containing documents that once served as a basis for issuing a License, as specified in these Procedures, as well as information about violations discovered during the implementation of the licensed activity, and their rectification, tariff justification documents, financial reports and other relevant papers relating to the Entity's operation;
Licensee	- an entity that has been issued a License, in conformance with the RoA Energy Law and the present Procedures;
Licensed Operation	- operation subject to licensing in conformance with the RoA Energy Law;
Resolution	- a legal act adopted by the Commission within its jurisdiction per the authorities vested in it by the RoA Energy Law.

2. GENERAL PROVISIONS

2.1. The License is issued only to the Entities to engage in the following activities in the RoA energy sector, provided by the RoA Energy Law:

- 1) Construction or rehabilitation of electric power plants;
- 2) Generation of electric energy;
- 3) Transmission of electric energy;
- 4) Distribution of electric energy;
- 5) Construction of electric transmission network;
- 6) Construction of electric distribution network;
- 7) Construction or rehabilitation of thermal supply plants (electric and thermal power combined generation plants included);

- 8) Generation of thermal energy;
- 9) Transportation of thermal energy;
- 10) Distribution of thermal energy;
- 11) Construction of thermal energy transportation network;
- 12) Construction of thermal energy distribution network;
- 13) Transportation of natural gas;
- 14) Distribution of natural gas;
- 15) Construction of natural gas transportation network;
- 16) Construction of natural gas distribution network;
- 17) Provision of System Operator services in the electric energy sector;
- 18) Provision of System Operator services in the natural gas sector;
- 19) Provision of market services (the types of services and list of service providers to be determined by the Commission).

2.2. The implementation of any type of Licensed Operation without a License can bring forth liability under law.

2.3. Effective period of the licensed activities specified in Article 2.1. of the present Procedures are as follows:

for generating capacities under construction or rehabilitation the effective period of the licensed activity shall be established depending on the scheduled end of construction period;

for generation activity in electricity and thermal power sectors the effective period of the licensed activity shall be established depending on the average service period of the fixed assets of the generating plant, unless otherwise determined by the Commission.

2.4. No License shall be required for generation of electric and thermal power if that energy is used exclusively for ancillary needs.

2.5. The Entity applying to the Commission must have all necessary property to carry out the Licensed Operation either by ownership right or by contract.

2.6. In order to obtain a License, or extend a License, or obtain a duplicate License in the event of losing the original License, the Licensee will have to pay a state duty in procedures and amounts set forth in

the RoA Law on State Duty. The document certifying to the payment of the state duty, and in the event of License loss, also the application for a duplicate License should be submitted to the Commission.

- 2.7. The transfer of the License to other entities, alienation or pledging is prohibited, unless otherwise provided by Law.
- 2.8. The effectiveness of a License shall not apply to other Entities engaged in joint activities with the Licensee (including activities by joint contracts), as well as to Entities founded or acting with participation of the Licensee.
- 2.9. The Entities authorized to engage in activities subject to licensing can commence their activities from the effective moment of the License and for the effective period of such License.

3. APPLICATION FOR LICENSE, ITS REVIEW AND DECISIONMAKING

- 3.1. To get a License, the Entity shall be required to provide the Commission with 2 copies of the relevant Application, in accordance with the list of pertinent documents, provided in Appendices 2 and 3 of these Procedures, and in forms provided in Appendices 1, 5-11 of these Procedures.
- 3.2. Prior to applying to the Commission for a License, the Entities that wish to engage in activities specified in Items 2.1. (1) and (7) of the present Procedures, shall be required to publish their decision about engaging in a certain type of activity in three of the major national newspapers (Appendix 5).
- 3.3. In order to obtain a License for the activities specified in Items 2.1. (1) and (7) of the present Procedures, the Entity shall be required to present financial guarantees in procedures described in Appendix 10 of these Procedures.
- 3.4. In order to obtain a License for the activities specified in Items 2.1. (1) and (7) of the present Procedures, the Entity shall be required to present a contract on design works for a facility under construction or rehabilitation, signed with a design institution holding a corresponding License. The contract must include the periods for the design-budgeting works.
- 3.5. Within the period required in the License, and prior to the commencement of construction works, the Licensee shall be obliged to forward to the Commission the design-budgeting documentation that have undergone appropriate testing.
- 3.6. The Licensee shall be responsible for the accuracy of information presented to the Commission in procedures set forth in the RoA Legislation.
- 3.7. The Application for License and attached documents must comply with the requirements provided by the RoA Legislation, the present Procedures and other normative documents.

- 3.8. The Application shall be filed with the Commission. The corresponding Commission Department shall review the integrity of the Application and the accuracy and compliance of the attached documents with the requirements of Attachments 1-3 and 5-11 of these Procedures.
- 3.9. An Application for License shall not be accepted for review by the Commission in the following instances:
- a) when the enclosed documents do not comply with the requirements of the RoA Legislation, these Procedures and other legal acts;
 - b) when the submitted documents contain misrepresentations of real facts;
 - c) when, in compliance with the law or his Charter, the applicant does not have the right to engage in the requested type of Licensed Operation.
- 3.10. Within 10 working days of the receipt of the Application, the Applicant will be sent a notice by the Commission about the results of the review. In the event of an unfavorable outcome, the Application shall be kept at the Commission in established procedures.
- 3.11. After the rectification of the discovered flaws by the Applicant and (or) completing the missing documents, the Application will be filed with the Commission. In such instances the Applicant and the Commission shall be guided by the requirements and terms specified in items 3.8-3.11 of these Procedures.
- 3.13. In the event of a favorable outcome, the ERC shall proceed with the review process and will issue an adequate resolution within 50 working days of the notification of the Application about the results of the examination.
- 3.14. Prior to the Resolution about issuing a License for the activities specified in item 2.1 of these Procedures, the Commission's working group shall, if there is such need, examine the operations carried out by the Licensee and his readiness to perform the corresponding operation.
- 3.15. The Commission can require additional information and documents by notifying the Applicant about such need in writing. The time period required for that process shall not be included in the terms provided by item 3.12 of these Procedures.
- 3.16. The Commission will reject an Application if:
- a) the applicant is recognized insolvent or bankrupt, in procedures established by the RoA Legislation;
 - b) the performance of licensed operations will lead to inefficient use of the RoA natural resources;
 - c) the technical indicators specified in the application do not meet requirements of technical rules acting within the territory of the Republic of Armenia;
 - d) issuance of a License will restrict rights of any other Licensee or will have a negative impact on the technical-economic indicators of that Licensee;

- e) the Applicant did not introduce supplementary information and documents requested by the Commission or the results of additional examination (including, by means of involvement of independent experts), absence of which makes impossible the further consideration of the Application;
- f) the documents and materials introduced by the Applicant are deficient, forged or falsified, or do not correspond to the requirements of the RoA Laws and legal acts.

3.17. After considering the Commission's objections, the entity can apply to the Commission for a new License according to item 3.1, if he meets the requirements set by the Commission.

3.18. The Commission Resolution on the rejection of the Application shall not influence considerations of next Applications of the Entity.

3.19. The Entity having the License for construction or rehabilitation of generation capacities is obliged to implement calibration-runup operations before the expiration date of the License effectiveness, in compliance with the project, the requirements of the equipment producing factories and the technical rules and procedures. The entity is obliged to notify the Commission of the beginning of those operations at least 10 days prior. The issues relevant to the billing and paying for the electricity delivered to the transmission network in the result of calibration-runup operations are regulated by the corresponding contract, model form or mandatory provisions of which are defined by the Commission, and which is subject to the registration with the Commission.

3.20. Along with the applications, specified in item 2.1. of this Procedures (except for 1,5,6,7,11,12,15,16 sub-points) the Applicant shall introduce also the tariff setting request, in the forms and procedures established by the Commission.

3.21. The Resolutions on issuance of Licenses for operations specified in point 2.1. of this Procedure (except for 1,5,6,7,11,12,15,16 sub-points), as well as Resolutions on setting tariffs for rendering services to the Energy Sector, for generation, transmission (transportation) and distribution of electric and thermal energy, transportation and distribution of natural gas, for the System Operator shall be taken by the Commission at the same time.

4. PROCEDURAL QUESTIONS

4.1. The paperwork associated with the License registration shall be maintained separately for each Licensee, and an individual file shall be made for each Licensee.

4.2. Within 5 working days after positive Resolution on issuance of a License, the Commission shall hand over the License in one copy to the Licensee, and in case of non-appearance of the Licensee the License shall be kept in the corresponding division of the Commission until the Licensee appears.

4.3. Along with the License the Applicant shall receive the conditions established by the Commission for the implementation of licensed operations.

4.4. The License receipt, signed by the Applicant (Appendix 4), shall be kept in the Commission.

- 4.5. In the event of termination of the License by the Licensee or revocation of the License, the registration file shall be kept in the Commission.
- 4.6. In the event of License rejection within 5 days of the issuance of a corresponding Resolution the copy of the Resolution specifying the reasons of rejection shall be forwarded to the Applicant.
- 4.7. In case of violation of License provisions the Commission shall exercise the penalties, defined by Article 42 of the RoA Energy Law
- 4.8. If amendments are necessary to be introduced to the License provisions, the Commission and the Licensee shall be guided by Article 30 of the RoA Energy Law and by the corresponding legal act, approved by the Commission.
- 4.9. The ERC shall maintain a Registration Log of all Licenses issued to Licensees.
- 4.10. The resolutions of the Commission on licensing have to be accessible for review by any of the interested entities, provided that they do not contain any confidential national, service or commercial information, as required by the RoA Legislation.

5. EXTENSION OF THE LICENSE OPERATION PERIOD AND RECEIPT OF COPY OF THE LICENSE IN CASE OF LOSS OF THE LICENSE

- 5.1. In case of necessity to extend the License period, the Licensee is obligated to forward an Application to the Commission 30 days prior to the expiration of the License period.
- 5.2. The Licensee shall specify the requested period in the Application. The Application shall contain the document verifying the payment of the State duty, the amendments to the Licensee's Charter carried out by the State authorized body which registered the Licensee and the reference on that amendments, as well as corresponding documents justifying the necessity of extension of the License period.
- 5.3. The Application presented by the Licensee shall be registered with the Commission. The corresponding division of the Commission shall check out the completeness of the Application and correctness of forms of the documents included in the Application and their consistence with requirements of point 5.2. of this Procedure.
- 5.4. In case of non-compliance of the Application with the requirements of point 5.2. of this Procedure, the further consideration of the Application shall be suspended. Not later than within 10 working days after receipt of the Application, the Commission shall notify the Licensee in written form about this decision.

- 5.5. Considering the recommendations of the Commission regarding the Application, the Licensee can introduce to the Commission the second Application according to point 5.2. of this Procedure, but not later than 10 days prior to the expiration of the previously approved License effective period.
- 5.6. After the Application is introduced to the Commission according to the period time-period mentioned in point 5.1. and 5.5. of this Procedure and before the expiration of the License period, the Commission shall issue a Resolution.
- 5.7. The Commission has a right to require supplementary information and documentation from the Applicant, notifying him in writing.
- 5.8. The Application is rejected in the following instances:
- a) the documents introduced by the Applicant are deficient, forged or falsified. In the event that the documents are deficient the Application is to be rejected, if the Applicant does not introduce the documents specified in point 5.2. of this Procedure within 10 working days after the notification of the Commission.
 - b) the introduced documents do not comply with the requirements of this Procedure and the RoA Legislation.
 - c) the Applicant is deprived of the right to implement the requested operation in accordance with the Charter or the RoA Law.
 - d) within the passed period upon receipt of the License, the conditions of Licensing were changed.
 - e) the Entity that was issued a License for construction or rehabilitation of generation capacities, did not carry out any operation within the period specified in the License.
 - f) the asset rights of the Licensee necessary for the implementation of licensed operation were suspended.
 - g) the Application was introduced by the Applicant later than the date defined by points 5.1. and /or 5.5. of this Procedure or after the expiration of the License effective period.
- 5.9. If the Application was submitted after the suspension of the License Operation, it should be discussed only after elimination of suspension.
- 5.10. In case of loss of the License the Licensee shall publish an announcement in printed press and over 15 days shall apply to the Commission, introducing the documents verifying the payment of the State Duty and the publication of the mentioned announcement. Within 3 working days after submission date the Licensee shall receive the copy of the License.

6. Disputes

Any disputes associated with the enforcement of the present Procedures shall be settled in accordance with legislatively established procedures.

Appendix 1

Approved by the ERC Resolution No. 4,
dated January 30, 2002

APPLICATION

We hereby are requesting a License authorizing our engagement in business activities in

Geographic area, region or Marz

*Type of the
Licensed Activity, requested period*

We are hereby informing that the information contained in the documents submitted to the RoA Energy Regulatory Commission is accurate and complete. Our company is familiar with the provisions and requirements of carrying out the Licensed Activity and is promising to comply with them.

The following documents are attached to this Application:
(, number of pages, number of copies)

1.	<hr/>	<hr/>
	Name of the document	number of pages, copies
2.	<hr/>	<hr/>
3.	<hr/>	<hr/>
4.	<hr/>	<hr/>
5.	<hr/>	<hr/>
6.	<hr/>	<hr/>
7.	<hr/>	<hr/>

Name of the Licensee

Bank Account information

Address, telephone, E-mail, telex, fax numbers

First and last names of the Applicant

Date, the seal of the enterprise

Signature of the Applicant

LIST OF DOCUMENTS

REQUIRED FOR LICENSING OF OPERATIONS ON CONSTRUCTION OR REHABILITATION OF GENERATION CAPACITIES IN THE ENERGY SECTOR

1	Licensed Activities Document submitted	Construction of rehabilitation of generation capacities							
		Power Plants (including combined heat and power generation plants)						District heating	
		Small HPP		HPPs /10 and over MW/	NPP	TPPs /combined heat and power generation/	Alternative plants	Boilers	Heat supplying plants
		HPPs to be constructed on channels	HPPs being constructed on rivers						
1	2	3	4	5	6	7	8	9	10
1 ⁷	Busines plan	•	•	•	•	•	•	•	•
2	Copies of the operating company's Charter and State Registration Certificate	•	•	•	•	•	•	•	•
3	Contract on lending of the channel or the permission for connection to the channel	•	--	--	--	--	--	--	--
4	Document verifying rights for land and other property necessary for implementation of licensed activities and the map of geographic location of the object to be constructed	•	•	•	•	•	•	•	•
5	Contract signed with the projecting company on introduction of preliminary budget evaluation and necessary construction works and the time-table for their implementation	•	•	•	•	•	•	•	•
6 ⁷	Information about shareholders and their partners	•	•	•	•	•	•	•	•

1	2	3	4	5	6	7	8	9	10
7	Permission for specific use of water	•	•	•	•	•	-- ⁷⁷	•	•
8	Financial reports of general character (if available, copies of acts on the inspection carried out by authorized bodies and audit resolutions for the last year)	•	•	•	•	•	•	•	•
9 ⁷	Information on loans or other transactions	•	•	•	•	•	•	•	•
10 ⁷	Announcement in press	•	•	•	•	•	•	•	•
11 ⁷	Guarantees	•	•	•	•	•	•	•	•
12	Document verifying the payment of state duties	•	•	•	•	•	•	•	•

⁷ - to be submitted in ERC-established forms (appendixes 6,5,8,9,10,11)

⁷⁷ - may be required if necessary

LIST OF DOCUMENTS*

REQUIRED FOR LICENSING OF OPERATIONS IN THE ENERGY SECTOR
(Except for the activities specified in Appendix 2 of this procedure)

1	2	Licensed activity															
		Generation of electric and thermal energy (including the combined heat and power generation)	Construction of electricity transmission network	Transmission of electric energy	Construction of electric energy distribution network	Distribution of electric energy	Construction of thermal energy transportation network	Transportation of thermal energy	Construction of thermal energy distribution network	Distribution of thermal energy	Construction of natural gas transportation network	Transportation of natural gas	Construction of natural gas distribution network	Distribution of natural gas	Power System Operator services	Gas Supply System Operator Services	Provision of services for the Power Market
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	Copies of State Registration Certificate and Charter of the licensed company	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2	Project and Budget of the company having passed a technical and and environment-related investigation	---	.	---	.	---	.	---	.	---	.	---	.	---	---	---	---
3 ⁷⁷	Information about shareholders and their partners	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
4	Geographic area of licensed activity	.	.	.	.	.	.	.	.	.	.	.	.	.	---	---	---
5 ⁷⁷	List of main and rented assets necessary for the implementation of licensed operations	.	.	.	.	.	.	.	.	.	.	.	.	.	---	---	---
6 ⁷⁷⁷	Documents verifying the accomplishment of construction works	.	---	.	---	.	---	.	---	.	---	.	---	.	---	---	---
7	Documents verifying the payment of State duties	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.

⁷ - along with application for licensing of operations specified in this document the Applicant should introduce necessary documents defined in the document “Procedure on setting and revision of tariffs” approved by the RoA ERC.

⁷⁷ - to be introduced in forms established by the ERC (Appendixes 6, 7, 8)

⁷⁷⁷ - is not required for existing plants.

⁷⁷⁷⁷ - is not required if the License for Construction or Rehabilitation of Generation Capacities issued by the ERC is available.

Appendix 4

Approved by the ERC Resolution No. 4,
dated January 30, 2002

License Receipt

The RoA Energy Regulatory Commission
Resolution No. _____, dated _____

Type of the Licensed Activity _____

Date of Registration _____

Number of Registration _____

Number of pages enclosed _____

The License has been issued to _____
Name, address and the telephone number of the Licensed Entity

Teletype, E-mail, telex, fax numbers

First and last name of the person receiving the License

Number of the passport or another ID, and who it was issued by

Date

Signature

Appendix 5

Approved by the ERC Resolution No. 4,
dated January 30, 2002

FOR PUBLIC INFORMATION

Please be informed that _____
Name of the Licensee

has applied to the RoA Energy Regulatory Commission for engagement in business activities in

Geographic location, region, city or Marz

Type of the Licensed Activity

_____.
Telephone, E-mail, telex and fax numbers of the Licensee

(Name of the Company)

Reference on Capital Assets
as of 1 _____ 200__ Æ

No	Capital assets	Measure ment unit	Quantity	Type or make	Useful service period	General characteristics **	Date of commissioning	Wear is operated or not	Wear is in the storage	Wear is subject to write off or not	Appropriate norm of depreciation on capital assets	Cost (thousand dram)		Wear and tear (thousand dram)		Balancing cost (thousand dram)	
								Yes (+) No (-)	Yes (+) No (-)	Yes (+) No (-)		re- evaluated ***	not being re- evaluated	re- evaluated ***	not being re- evaluated	re- evaluated ***	not being re- evaluated
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Assets involved in the Licensed Activity																
1	Buildings																
1.1																	
2	Constructions																
2.1																	
3	Communication facilities																
3.1																	
4	Mashin, equipment																
4.1																	
5	Transport																
5.1																	
6	Production assets, Economic assts																
6.1																	
7	Other capital assets																
7.1																	
Total																	

- *) To be introduced by divisions and entities£
 **) Installed and passport capacity (capability and output), for gasmain and heating conduits - length and diameter.
 ***) Results of re-evaluation implemented in procedures established by the Tax Legislation.

Notice:

1. The Reference is introduced on a CD-ROM
2. All other capital assets one-by-one should be introduced by specified groupinmg.

Name, Position of the Applicant _____ Signature _____

List of Rented Technological and Auxiliary Devices, Transporting Means, Mechanisms, Equipment, Buildings, Constructions, Open Areas

?	Leased Assets	Make	Purpose of usage	General description*	Renting contract effective period	Annual (monthkly) amount of renting (thousand dram)	Lessor' s Name, characteristics of the Leasing Agreement (Leasing, direct Leasing)
1 1.1	Technological devices			A			
2 2.1	Auxiliary devices (communication facilities, computers, organizational means,						
3 3.1	Transporting means and mechanisms			B			
4 4.1	Buildings, constructions, structures	does not required		C			
5 5.1	Open areas	does not required		D			

- ?** **A** - installed capacity productivity, output), for gasmain and thermal conduits - length and diameter
B - passport capacity
C - useful surface
D - total surface

 Name and position of the Applicant

 Signature

SEAL

Information
Shareholders and Shares of the Licensed Companies

Information on Shareholders		
Shareholder (Stockholder)	Shares (dram)	(%)
Total		
Information on Stocks		
Shares to be issued	Cost	Number
1) Turnover stocks		
2) redeemed shares		
Total		

 Name and position of the Applicant

 Signature

SEAL©

Appendix
of the ERC Resolution No. 4,
dated January 30, 2002

Company Name

Information on Loans or Other Transactions

?	Purpose of Loan or other transaction	Source of loan or other transaction (name of the funding company)	Amount of loan or other transaction (thousand dram)	Redemption period	Annual interest on loan, (%)
Short-term loans					
	Total				
Long-term loans					
	TOTAL				

§ ____ | _____ 200__

(Name of the Company's Director)

(Signature)

SEAL

PROCEDURES

OF PRESENTATION OF FINANCIAL GUARANTEES, NECESSARY TO GET AN OPERATION LICENSE FOR CONSTRUCTION OR REHABILITATION OF GENERATION CAPACITIES IN THE POWER SECTOR

General Provisions

These Procedures shall regulate the order and procedure, defined by Article 26 of the RoA Energy Law, on presenting financial guarantees to the RoA Energy Regulatory Commission (ERC) by economic entities to get an operation license for construction or rehabilitation of generation capacities

1. As a financial guarantee, the ERC shall consider the certain sum, computed and formulated in compliance with these Procedures and presented to the ERC by the entity who has applied to the ERC for the acquisition of a Construction License in the Power Sector, as a display of the readiness and ability to observe the License provisions.
2. The estimated/projected cost of the construction or rehabilitation of the generation capacities will serve as a basis for the calculation of financial guarantees for the Licensees.
3. The amount of the financial guarantees shall be defined as 1% of the estimated/projected cost, not to exceed \$ 50000.
4. The Licensee shall deposit the amount of the financial guarantee (either in cash or otherwise) calculated consistently with these Procedures, in a special account of a reputable bank, in coordination with the ERC. The Depository Contract and the Letter of Guarantee received from the bank shall be presented to the ERC after depositing the guarantee amount.
5. It is obligatory that the Letter of Guarantee include the following items:
 - a) The responsibilities of the bank and the Licensee regarding the prohibition of withdrawal of funds from the Deposit Account without the ERC's corresponding resolution and/or authorization in writing.
 - b) The obligation of the bank to transfer the guarantee amount to the RoA State Budget as a form of a financial penalty, if the Licensee does not fulfill his License obligations or fails to fulfill them in an appropriate manner and within the time period specified in the ERC resolution.
 - c) The bank shall be responsible and be a guarantor for all further deposits and transfers into and out of the Depository Account.
 - d) The term of deposit should be consistent with the effective period of the License.
 - e) The Depository Contract becomes valid from the moment of issuance of the License by the ERC and be effective until the end of the effective period of the License.
6. The Depository Contract and the Letter of Guarantee shall be presented to the ERC together with the application to receive a License.

7. The interest accrued on the guarantee amount in the Depository Account may be freely controlled by the Licensee.
8. If the Licensee completes its License obligations in a timely and orderly manner, the ERC, upon written request of the Licensee, shall issue a corresponding resolution to release the financial guarantee to the Licensee.
9. In the instances, when there is a possibility that the License provisions may not be carried out in a timely manner for objective reasons, such as lack of financial resources and other reasons, the ERC, in accordance with the Licensee's petition, may take an exclusive measure by authorizing the premature release of the financial guarantee to the Licensee, if at least 60% of the scheduled work volume has been accomplished and conditioned that the mentioned amount will be used exclusively for the construction (rehabilitation).
10. No financial guarantees specified in these Procedures shall be required if, in order to acquire a License, the Licensee presents to the ERC a budgetary guarantee issued by the RoA Government.
11. In order to be issued an Operation License, the Licensee can also present a Letter of Guarantee to serve as a financial guarantee from any reputable bank, investment fund, insurance or other financial organization. With this Letter of Guarantee the guarantor shall assume the obligation (upon a corresponding ERC resolution) to transfer the guarantee amount, calculated consistently with these Procedures, to the RoA State Budget as a financial penalty in instances when the Licensee partly or totally fails to fulfill its License obligations.

In the above instances the ERC shall closely consider the matter at the Commission session and issue a private resolution on accepting or rejecting the Letter of Guarantee as a financial guarantee.